

# Consolidated Financial Results for the First Quarter Ended June 30, 2011

July 28, 2011

## SHARP CORPORATION

Stock exchange listings:	Tokyo, Osaka, Nagoya, Sapporo, Fukuoka
Code number:	6753
URL:	<a href="http://www.sharp.co.jp/">http://www.sharp.co.jp/</a>
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Scheduled dividend payment date:	-
Supplementary material:	Yes
Financial results meeting:	Yes

(Monetary amounts are rounded to the nearest million yen.)

## 1. Results for the Three Months Ended June 30, 2011

### (1) Financial Results

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.) Millions of Yen

	Net Sales	Percent Change	Operating Income	Percent Change	Net Income (Loss)	Percent Change
Three Months Ended June 30, 2011	640,349	-13.7%	3,525	-84.4%	( 49,279 )	-
Three Months Ended June 30, 2010	741,601	+24.0%	22,524	-	10,687	-

[Reference] Comprehensive income: June 30, 2011 ; (54,275) million yen — %  
June 30, 2010 ; (11,378) million yen — %

	Net Income (Loss) per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Three Months Ended June 30, 2011	( 44.79 )	-
Three Months Ended June 30, 2010	9.71	9.07

### (2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio
As of June 30, 2011	2,812,543	986,613	34.3%
As of March 31, 2011	2,885,678	1,048,645	35.6%

[Reference] Equity : June 30, 2011 ; 963,981 million yen  
March 31, 2011 ; 1,026,033 million yen

## 2. Dividends

	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2011	-	10.00	-	7.00	17.00
Year Ending March 31, 2012	-	/	/	/	/
Year Ending March 31, 2012 (Forecast)	/	-	-	-	-

Note: Revisions to forecast of dividends in this quarter; None  
Forecast of dividends has yet to be determined.

### **3. Forecast of Financial Results for the Year Ending March 31, 2012**

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.) Millions of Yen

	Net Sales	Percent Change	Operating Income	Percent Change	Net Income (Loss)	Percent Change	Net Income (Loss) per Share (Yen)
Six Months Ending September 30, 2011	1,480,000	-1.6%	32,000	-26.4%	( 37,000 )	-	( 33.32 )
Year Ending March 31, 2012	3,050,000	+0.9%	97,000	+22.9%	6,000	-69.1%	5.40

Note: Revisions to forecast of financial results in this quarter: None

### **4. Other Information**

- (1) Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes of scope of consolidation): None
- (2) Adoption of special accounting methods for preparation of quarterly financial statements: None
- (3) Changes in accounting policies and accounting estimates, and restatement
  1. Changes in accounting policies arising from revision of accounting standards: None
  2. Changes arising from other factors: None
  3. Changes in accounting estimates: None
  4. Restatement: None
- (4) Number of shares outstanding (ordinary shares)
  1. Number of shares outstanding (including treasury stock) as of June 30, 2011 ; 1,110,699,887 shares  
as of March 31, 2011 ; 1,110,699,887 shares
  2. Number of shares of treasury stock as of June 30, 2011 ; 10,356,507 shares  
as of March 31, 2011 ; 10,353,023 shares
  3. Average number of shares outstanding during the three months ended June 30, 2011 ; 1,100,344,273 shares  
during the three months ended June 30, 2010 ; 1,100,403,846 shares

Notes:

1. This financial release is not subject to audit procedures based on the Financial Instruments and Exchange Law in Japan. At the time of disclosure, audit procedures of financial statements based on the Financial Instruments and Exchange Law have not been completed.
2. This financial release contains certain statements about the future, which are based on information available and deemed reasonable to the Sharp Group at the time of announcement and actual operating results may differ materially from the forecast due to various factors. For the assumptions and other related matters concerning financial results forecast, please refer to "(3) Qualitative Information Regarding Forecast of Consolidated Financial Results" of "1. Qualitative Information Regarding the First Quarter Financial Results" on page 3.
3. Sharp will hold a financial results meeting on July 28, 2011. Financial materials distributed at the meeting will be posted on its website immediately after the meeting.
4. The accompanying consolidated financial statements are a translation of the consolidated financial statements of the Sharp Group, which were prepared in accordance with accounting principles and practices generally accepted in Japan. In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically, in order to present them in a form which is more familiar to readers outside Japan.

# **1. Qualitative Information Regarding the First Quarter Financial Results**

## **(1) Qualitative Information Regarding Consolidated Financial Results**

During the three months ended June 30, 2011, the Japanese economy saw some signs of recovery in private consumption, reflecting growing demand for LCD TVs before the end of analog broadcasting, and other factors. However, overall conditions remained challenging, due mainly to the appreciation of the yen, as well as slower production and exports stemming from the Great East Japan Earthquake. Overseas, economies in Asia, notably China, showed solid growth. Elsewhere, the situation remained increasingly uncertain, due mainly to a possible downturn in the U.S. economy, financial unease in Europe and crude oil price hikes.

Under these circumstances, the Sharp Group took steps to create one-of-a-kind products and devices centered on its unique technology. At the same time, we proceeded with local production for local consumption, in order to enhance international competitiveness. We also worked to reinforce our business foundations through the reform of our LCD business structure, production adjustment at large-size LCD plants, and company-wide cost reductions.

Consolidated financial results for the first quarter recorded net sales of 640.3 billion yen, down 13.7%, and operating income of 3.5 billion yen, down 84.4%, both compared to the same period last year. We recorded a net loss of 49.2 billion yen, due mainly to a loss on suspension of large-size LCD plant operation.

Operating results by product group for the three months are as follows:

### **Consumer/Information Products**

Sales of Audio-Visual and Communication Equipment were 297.5 billion yen, down 14.8% from the same period last year. Sales of LCD TVs on a monetary basis fell slightly below the same period last year, due mainly to price declines. Sales on a unit basis increased, however, reflecting a growing demand before the end of analog broadcasting in Japan. In mobile phones, sales declined due mainly to the fact that new models were launched in the latter half of the first quarter.

Sales of Health and Environmental Equipment were 74.3 billion yen, up 14.8%, due mainly to sales increases of refrigerators and LED lights.

Sales of Information Equipment were 66.1 billion yen, down 0.6%.

As a result, sales of these three product groups comprising Consumer/Information Products were 438.0 billion yen, down 8.8%.

### **Electronic Components**

Sales of LCDs were 120.4 billion yen, down 24.3% from the same period last year. This was due mainly to a production adjustment at large-size LCD plants, which was slightly offset by increased sales of mobile LCDs for smartphones and vehicles.

Sales of Solar Cells were 51.2 billion yen, down 11.1%. This was due mainly to sluggish demand in Europe, which was slightly offset by strong sales in Japan, reflecting an increasing awareness of energy saving.

Sales of Other Electronic Devices were 30.5 billion yen, down 31.2%. This was due mainly to price declines of devices used in digital products, such as CCD/CMOS imagers.

As a result, sales of these three product groups comprising Electronic Components were 202.2 billion yen, down 22.6%.

## **(2) Qualitative Information Regarding Consolidated Financial Position**

Total assets as of June 30, 2011 were 2,812.5 billion yen, down 73.1 billion yen from March 31, 2011. This was due mainly to a decrease in capital investment. Total liabilities were 1,825.9 billion yen, down 11.1 billion yen. This was due mainly to a decrease in notes and accounts payable. Total net assets were 986.6 billion yen, down 62.0 billion yen. This was due mainly to a decrease in retained earnings.

## **(3) Qualitative Information Regarding Forecast of Consolidated Financial Results**

As for the future outlook, we expect the business environment to remain unpredictable. Although the economy is expected to pick up, due to an increase in production stemming from recovery of supply chains and various economic stimulus measures, there are concerns such as a restraint in electricity supply, possible economic downturns in the U.S. and Europe, and the lingering appreciation of the yen.

Amid these circumstances, we will make efforts for stable production by securing necessary parts and components, while focusing on creation of energy-saving and energy-creating products and services, such as LED lights and solar power generation systems, for which demand growth is anticipated.

In the Consumer/Information Products business, we will introduce LCD TVs 60 inches and larger in the U.S., China and other areas, with the aim of expanding the market for large-size LCD TVs. In mobile phones, we will increase sales of distinctive smartphones called AQUOS PHONE, with features such as a high quality graphic engine and the ability to link with AQUOS LCD TVs, while introducing conventional mobile phones which meet market needs. In health and environmental equipment, we will introduce products featuring Plasmacluster Ion technology globally, while enhancing the lineup of LED lamps and ceiling lights, responding to a growing demand generated by the increasing awareness of energy saving. In information equipment, we will expand B2B business by increasing sales of multi-screen display systems and electronic blackboards, and also by enhancing the lineup of digital full-color MFPs equipped with large-size touchscreen color LCDs and other features which help to improve the efficiency of office work.

In the Electronic Components business, in large-size LCDs, we will take advantage of our Sakai Plant, the only one in the world to employ 10th generation glass substrate, targeting creation and expansion of demand for large-size LCD TVs 60 inches and larger, electronic blackboards and digital signage. We will also work to recover profitability of our large-size LCD business by making efforts to reduce costs, such as cross-supply of LCD panels and cooperation in purchase of components, through a new alliance. Meanwhile, in mobile LCDs, we will accelerate conversion of production lines at the Kameyama Plant and a shift to growth areas, including LCDs for smartphones and tablet terminals. At the same time, we will work to commercialize mobile LCDs using oxide semiconductor, InGaZnO (IGZO), developed in collaboration with Semiconductor Energy Laboratory Co., Ltd. This will allow us to create high value-added LCDs for next-generation mobile devices, featuring high definition, thin profile and low power consumption, which will contribute to enhancing the competitiveness of our LCD business. In solar cells, amidst a rising momentum for reviewing energy policies, such as a mega-scale solar power generation plant and the smart city concept, following the Great East Japan Earthquake, we will work to strengthen development, marketing and support for residential and industrial use in Japan, the latter including mega-scale solar power generation. Overseas, we will create a profit base and establish value chains in the Mediterranean region, by working for an early commencement of mass production at a thin-film solar cell plant, a joint venture between Sharp, Enel Green Power and STMicroelectronics. We will make utmost efforts company-wide to improve our business, through working on measures mentioned above.

The following is the current forecast of financial results for the six months ending September 30, 2011 and the year ending March 31, 2012. There are no revisions to the forecast announced on June 3, 2011.

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.)

Billions of Yen

	Six Months Ending September 30, 2011	Percent Change	Year Ending March 31, 2012	Percent Change
Net sales	1,480.0	-1.6%	3,050.0	+0.9%
Operating income	32.0	-26.4%	97.0	+22.9%
Net income (loss)	(37.0)	-	6.0	-69.1%

Note: The above estimates of financial results are based on certain assumptions that the Sharp Group deemed reasonable at the time they were prepared, and actual operating results may differ significantly from these estimates. The factors that may influence the figures for final reported business results include, but are not limited to:

- The economic situation in which the Sharp Group operates (particularly various impacts arising from the Great East Japan Earthquake)
- Sudden, rapid fluctuations in demand for products and services, as well as intense price competition
- Changes in exchange rates (particularly between the yen and the U.S. dollar, the euro and other currencies)
- Regulations such as trade restrictions in other countries
- Litigation and other legal proceedings against the Sharp Group
- Rapid technological changes in products and services, etc.

## **2. Summary Information**

**(1) Changes in significant consolidated subsidiaries  
(Changes in specified subsidiaries involving changes in scope of consolidation)**

None

**(2) Adoption of special accounting methods for preparation of quarterly financial statements**

None

**(3) Changes in accounting policies and accounting estimates, and restatement**

None

### **3. Consolidated Financial Statements**

#### (1) Consolidated Balance Sheets

Millions of Yen

	As of March 31, 2011	As of June 30, 2011
<b>ASSETS</b>		
Current Assets:		
Cash, time deposits, and short-term investments	247,888	227,660
Notes and accounts receivable, less allowance for doubtful receivables	574,696	556,653
Inventories	486,060	487,316
Other current assets	213,906	223,518
Total current assets	1,522,550	1,495,147
Plant and Equipment, Less Accumulated Depreciation	964,914	923,040
Investments and Other Assets	394,980	391,397
Deferred Assets	3,234	2,959
Total assets	2,885,678	2,812,543
<b>LIABILITIES</b>		
Current Liabilities:		
Short-term borrowings, including current portion of long-term debt	287,330	439,185
Notes and accounts payable	602,081	511,406
Other current liabilities	356,502	325,282
Total current liabilities	1,245,913	1,275,873
Long-term Liabilities	591,120	550,057
Total liabilities	1,837,033	1,825,930
<b>NET ASSETS</b>		
Owners' Equity:		
Common stock	204,676	204,676
Capital surplus	268,530	268,530
Retained earnings	648,935	592,124
Less cost of treasury stock	( 13,863 )	( 13,865 )
Total owners' equity	1,108,278	1,051,465
Accumulated Other Comprehensive Income:		
Net unrealized holding gains (losses) on securities	5,915	4,587
Deferred gains (losses) on hedges	( 1,028 )	( 1,046 )
Foreign currency translation adjustments	( 85,317 )	( 89,263 )
Pension liability adjustment of foreign subsidiaries	( 1,815 )	( 1,762 )
Total accumulated other comprehensive income	( 82,245 )	( 87,484 )
Minority Interests	22,612	22,632
Total net assets	1,048,645	986,613
Total liabilities and net assets	2,885,678	2,812,543

(2) Consolidated Statements of Income / Consolidated Statements of Comprehensive Income  
- Consolidated Statements of Income

Millions of Yen

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2011
Net Sales	741,601	640,349
Cost of Sales	603,205	525,603
Gross profit	138,396	114,746
Selling, General and Administrative Expenses	115,872	111,221
Operating income	22,524	3,525
Other Income (Expenses)		
Interest income	454	247
Rent income on noncurrent assets	3,098	2,705
Gain on sales of noncurrent assets	50	375
Interest expense	( 1,791 )	( 2,067 )
Interest on commercial papers	( 61 )	( 81 )
Loss on sales and retirement of noncurrent assets	( 660 )	( 1,102 )
Loss on suspension of large-size LCD plant operation	-	( 25,887 )
Restructuring charges and others	-	( 15,315 )
Other, net	( 4,203 )	( 5,020 )
	( 3,113 )	( 46,145 )
Income (loss) before income taxes and minority interests	19,411	( 42,620 )
Income Taxes		
Current	2,684	5,964
Deferred	5,403	380
	8,087	6,344
Income (loss) before minority interests	11,324	( 48,964 )
Minority Interests in Income of Consolidated Subsidiaries	( 637 )	( 315 )
Net income (loss)	10,687	( 49,279 )

- Consolidated Statements of Comprehensive Income

Millions of Yen

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2011
Income (Loss) Before Minority Interests	11,324	( 48,964 )
Other Comprehensive Income:		
Net unrealized holding gains (losses) on securities	( 2,117 )	( 1,285 )
Deferred gains (losses) on hedges	53	( 18 )
Foreign currency translation adjustments	( 20,630 )	( 4,162 )
Pension liability adjustment of foreign subsidiaries	64	53
Share of other comprehensive income of affiliates accounted for using equity method	( 72 )	101
Total other comprehensive income	( 22,702 )	( 5,311 )
Comprehensive Income	( 11,378 )	( 54,275 )
Comprehensive income attributable to:		
Owners of the parent	( 11,362 )	( 54,518 )
Minority interests	( 16 )	243

### (3) Going Concern Assumption

None

### (4) Segment Information

[Information by business segment]

Information regarding sales and income (loss) by reportable segment

Millions of Yen

	Three Months Ended June 30, 2010
Net Sales	
Consumer/Information Products	
Customers	480,350
Intersegment	96
Total	480,446
Electronic Components	
Customers	261,251
Intersegment	131,095
Total	392,346
Adjustments	( 131,191 )
The amount presented in Consolidated Statements of Income	741,601
Segment Income	
Consumer/Information Products	22,365
Electronic Components	6,387
Adjustments*1	( 6,228 )
The amount presented in Consolidated Statements of Income*2	22,524

Notes: 1. Adjustments of segment income of (6,228) million yen include elimination of intersegment transactions of 2,536 million yen and corporate expenses not allocated to each reportable segment of (7,042) million yen. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to parent company's functional groups.

2. Adjustments were made to reconcile segment income to operating income presented in Consolidated Statements of Income.

Millions of Yen

	Three Months Ended June 30, 2011
Net Sales	
Consumer/Information Products	
Customers	438,054
Intersegment	188
Total	438,242
Electronic Components	
Customers	202,295
Intersegment	82,575
Total	284,870
Adjustments	( 82,763 )
The amount presented in Consolidated Statements of Income	640,349
Segment Income (Loss)	
Consumer/Information Products	20,099
Electronic Components	( 7,982 )
Adjustments*1	( 8,592 )
The amount presented in Consolidated Statements of Income*2	3,525

Notes: 1. Adjustments of segment income (loss) of (8,592) million yen include elimination of intersegment transactions of 639 million yen and corporate expenses not allocated to each reportable segment of (9,763) million yen. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to parent company's functional groups.

2. Adjustments were made to reconcile segment income to operating income presented in Consolidated Statements of Income.

### (5) Significant Changes in Owners' Equity

None

#### **4. Supplementary Data**

##### (1) Consolidated Sales by Product Group

Millions of Yen

	Three Months Ended June 30, 2010		Three Months Ended June 30, 2011		Increase Decrease	Percent Change
	Amount	Ratio	Amount	Ratio		
		%		%		%
Audio - Visual and Communication Equipment	349,042	47.1	297,551	46.5	- 51,491	-14.8
Health and Environmental Equipment	64,745	8.7	74,310	11.6	+ 9,565	+14.8
Information Equipment	66,563	9.0	66,193	10.3	- 370	-0.6
Consumer/Information Products	480,350	64.8	438,054	68.4	- 42,296	-8.8
LCDs	159,166	21.4	120,468	18.8	- 38,698	-24.3
Solar Cells	57,692	7.8	51,297	8.0	- 6,395	-11.1
Other Electronic Devices	44,393	6.0	30,530	4.8	- 13,863	-31.2
Electronic Components	261,251	35.2	202,295	31.6	- 58,956	-22.6
Total	741,601	100.0	640,349	100.0	- 101,252	-13.7
Domestic	374,020	50.4	339,350	53.0	- 34,670	-9.3
Overseas	367,581	49.6	300,999	47.0	- 66,582	-18.1

Note: The above figures indicate sales to outside customers.

## (2) Information by Product Group

The breakdown of the reportable segments, which consist of Consumer/Information Products and Electronic Components, is presented for reference. Sales of each product group include internal sales between segments (Consumer/Information Products and Electronic Components).

### 〈Net Sales〉

Millions of Yen

	Three Months Ended June 30, 2010		Three Months Ended June 30, 2011		Percent Change
	Amount	Ratio	Amount	Ratio	
Audio - Visual and Communication Equipment	349,118	47.1	297,698	46.5	-14.7
Health and Environmental Equipment	64,758	8.7	74,348	11.6	+14.8
Information Equipment	66,570	9.0	66,196	10.3	-0.6
Consumer/Information Products	480,446	64.8	438,242	68.4	-8.8
LCDs	261,038	35.2	188,028	29.4	-28.0
Solar Cells	57,692	7.8	51,306	8.0	-11.1
Other Electronic Devices	73,616	9.9	45,536	7.1	-38.1
Electronic Components	392,346	52.9	284,870	44.5	-27.4
Sub Total	872,792	117.7	723,112	112.9	-17.1
Adjustments	( 131,191 )	-17.7	( 82,763 )	-12.9	-
Total	741,601	100.0	640,349	100.0	-13.7

### 〈Operating Income〉

Millions of Yen

	Three Months Ended June 30, 2010		Three Months Ended June 30, 2011		Percent Change
	Amount	Ratio	Amount	Ratio	
Audio - Visual and Communication Equipment	12,387	55.0	7,526	213.5	-39.2
Health and Environmental Equipment	5,292	23.5	6,715	190.5	+26.9
Information Equipment	4,686	20.8	5,858	166.2	+25.0
Consumer/Information Products	22,365	99.3	20,099	570.2	-10.1
LCDs	1,757	7.8	( 4,647 )	-131.8	-
Solar Cells	1,090	4.9	( 3,793 )	-107.6	-
Other Electronic Devices	3,540	15.7	458	13.0	-87.1
Electronic Components	6,387	28.4	( 7,982 )	-226.4	-
Sub Total	28,752	127.7	12,117	343.8	-57.9
Adjustments	( 6,228 )	-27.7	( 8,592 )	-243.8	-
Total	22,524	100.0	3,525	100.0	-84.4